

## OPERATIONS REVIEW

The Group's business is organized by geographical locations. These locations are mainly divided into Macau, The People's Republic of China ("PRC"), Vietnam, Canada and other markets classified by location of assets.

### Macau

The Group's turnover from operations is derived principally from the sale and leasing of properties in Macau. In the first half of 2005, turnover in Macau increased to HK\$163.8 million, an increase of 77% over the same period in 2004. The Group benefited from the robust strength of the Macau property market and the premium product image of **Ocean Gardens**, the Group's major residential development project in Macau. The sale of Orchid Court in Ocean Gardens received a favourable response from the market and was a major contributor to the Group's turnover in the first half of 2005.

### Vietnam

In the first half of 2005, turnover at the **Sheraton Saigon Hotel and Towers and Executive Residences** increased to HK\$106.8 million, an increase of 48% as compared to the same period in 2004. The hotel continues to be the leading hotel in Ho Chi Minh City both in terms of room rates and occupancy rates, despite an increase of hotel rooms in the market.

Share of profits from **Caravelle Hotel** in Ho Chi Minh City also increased to HK\$6.7 million in the first half of 2005, an increase of 80% as compared to the same period in 2004.

### PRC

In the first half of 2005, both room rates and occupancy rates improved at the **Holiday Inn Riverside Wuhan**. Turnover increased by 7% to HK\$19.1 million. This increase was achieved despite a competitive hotel market in Wuhan with new hotels entering into the market.

Due to improved property market conditions in Beijing, profit contribution from the **Beijing Riviera** property increased to HK\$3.6 million during the first half of 2005, an increase of 33% compared to the same period in 2004.

### Canada

During the first half of 2005, **Sheraton Ottawa Hotel** in Ottawa, **DoubleTree International Plaza Hotel** in Toronto, and **Four Points Hotel by Sheraton** in Quebec all reported improved room rates and occupancy rates as compared to 2004. As a result, there was an overall improvement in profit contribution from Canadian operations and investments.